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Sarpanch Raj: Is the President All Powerful?

The Case of Village Councils in India

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ABSTRACT

The policy of mandated representation (reservation) for disadvantaged social groups in Indian village councils or Gram Panchayats has been the subject of numerous studies. The implicit, and often unstated, assumption that underlies most of these studies is that the president of the council is the only one who wields effective power. However, the Gram Panchayat is comprised of several elected representatives, each of whom represents a village; and, in principle, a voting mechanism governs decision making within the Gram Panchayat. In this context, the focus on the president as the de-facto decision maker is equivalent to assuming a model of "Sarpanch Raj," or a model of local government where the president (Sarpanch) dominates the council. This model is typically based on the premise that the president of the council possesses –either on account of her informal powers or on account of her formal agenda setting powers- the de-facto power to dominate. However, whether these informal or formal powers of the president translate into such de facto power may well depend on other factors, such as local power structures. Indeed, extensive anecdotal evidence suggest that presidents elected on reserved seats—i.e. members of the disadvantaged Scheduled Castes (SCs) and Scheduled Tribes (STs), and women —face considerable difficulties when they are situated amid representatives who come from powerful castes or belong to the local elite. Whether a Sarpanch Raj is indeed the de facto model of local governance in India is therefore an unanswered empirical question. This paper examines the question of Sarpanch Raj, using a unique data set from 80 Gram Panchayats and 225 villages in the Indian state of Karnataka. We exploit the design of the policy of mandated representation in order examine whether the Sarpanch Raj model is robust to the inclusion of elected representatives of the village council. The model of Sarpanch Raj is critically examined in the context of two key mandates of the Gram Panchayat: public good provision, and the targeting of household-level benefits under various anti poverty programs. The results suggest that the president is not the sole decision maker of the council, and that the council is in fact a more broad-based body where the voices of other elected village representatives matter. Decision making in the council is, however, not one among equals. In particular, the results suggest that the effectiveness of Scheduled Caste representatives depends on the caste of the president.

Keywords: local government, gram panchayat, decentralization, affirmative action, political reservation, political economy, India

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1. INTRODUCTION

The 73rd amendment act to the Indian constitution instituted a policy of political reservations in local government for historically disadvantaged social groups, including the Scheduled Castes (SCs), the Scheduled Tribes (STs), and women. It has been supposed that this policy—which guarantees political representation to historically underrepresented groups by "reserving seats"[1] in local government—holds the potential to make the decentralization policy agenda an inclusive and democratic one. Has this policy, as argued by its advocates, indeed improved the access of these marginalized social groups to public goods? Or has the promise of this policy been mitigated by the most commonly alleged pitfall of these reforms—the capture of the local governments by the political and social elites?

Almost two decades into the enactment of the amendment, several studies have now evaluated this reservation policy. What is the verdict on the performance of political representatives elected on reserved seats (henceforth called reserved representatives)? A key finding of this literature is that the nature of the village council within which reserved representatives work shapes their effectiveness. The several factors that underlie the nature of this village council can be captured in the governance environment that these representatives face. The governance environment is defined as one that contains the sum of all factors associated with inequality, local power relations. These factors include gender differentials and caste-based divisions—both factors that typically vary both across and within Indian states. Indeed, it is the sum of these factors, often captured in anecdotes, that tells the stories of both women and SC/ST representatives who have effected remarkable transformations in their villages and the less optimistic stories of the difficulties faced by reserved representatives in villages dominated by the local political and social elite.

Although the determining influence of the governance environment is indeed an important finding, the implicit, and often unstated, assumption that underlies several studies is that the position of president of the village council, or *Gram Panchayat* (GP), "is the only one that yields effective power" (see Chatttopadhay and Duflo 2004a,980).[2] The president of the GP, however, presides over a group of representatives, each of whom is elected to represent a village within the GP. A GP typically comprises between 10 and 15 villages, and all decisions have to be approved by a majority of the representatives who are elected from this GP[3] (henceforth interchangeably called village or GP representatives). The president of the GP himself or herself is chosen by an indirect vote of the village representatives in some Indian states and by direct vote in others. This president enjoys agenda-setting powers but has no veto powers. Lack of veto powers imply that the president cannot overturn a majority vote adopted by the GP, while agenda setting powers allows her to stipulate the order of business to be discussed in meetings. Although it has been argued that this de jure agenda-setting power could make the president the de facto leader of the GP, it could be argued just as well that whether the latter translates into de facto powers depends on the local power structures—or the governance environment—facing the president (see Palaniswamy and Krishnan 2008). Indeed, extensive anecdotal evidence points to the difficulties faced by reserved presidents—both SC/ST and women—when they are situated amid village representatives that come from more powerful castes, belong to the local elite, or both. This suggests that the political office of the president does not automatically come with de facto agenda-setting powers. In this context, as Rajaraman and Gupta (2009) point out, assuming that the president of the GP is the only one who wields effective power to implement local public good provision programs, target antipoverty programs, or both

[1] In reserved seats elections are contested among candidates who belong to a specified social group, whereas the electorate remains unchanged. For instance, when a seat is reserved for a Scheduled Castes (SC) candidate, the elections to that seat will be contested only by SC candidates.

[2] Most studies that are reviewed in this paper and most papers that examine the effect of the reservation policy in local governments take this approach. An exception is Munshi and Rosenzweig (2009), who use within–*Gram Panchayat* (GP) reservations for elected village representatives.

[3] Villages comprise wards. Depending on the population, villages will be single-member or multiple-member wards. Each representative of the GP is therefore technically elected from a ward. In this paper, the focus is on the ward member. I refer to these ward members as "village representatives."

is equivalent to examining the phenomenon of *Sarpanch Raj,* or the domination of the president in the intervillage allocation of resources. Although a Sarpanch Raj is plausible in several instances, whether this is the de facto model of local governance in India is an open question. If in fact elected representatives other than the president do also matter to decision making in the GP, then the results of current studies that treat the president as synonymous with the GP need to be interpreted with caution.

This paper asks whether Sarpanch Raj is the right model of local governance against which reservation policies should be evaluated. Following the literature (and to ensure comparability of results), the key question of interest is: What is the effect of reservations on the two key functions of the GP: the implementation of public goods programs and the targeting of antipoverty programs that deliver private benefits to households?. Using data from the Indian state of Karnataka, this paper focuses on the case of SC/ST reservations and estimate two models that examine whether the Sarpanch Raj model is justified. The first model follows the current literature and focuses on the model of Sarpanch Raj that assumes that the GP president wields all the power that matters; the second one models the GP as a body of elected representatives that includes the president. If the results of the first model are robust to the inclusion of these GP representatives, then Sarpanch Raj, or president domination, is a justified assumption, at least in the case of Karnataka.

The design of the reservation policy in the state of Karnataka is used to identify the causal effect of the reservation policy. The design of this policy in Karnataka—as in several other Indian states—does not mandate a random assignment of reservation (Government of Karnataka 1993). Although the 73rd amendment act to the constitution of India mandates the proportion of seats to be reserved in the three-tier local government also known as the Panchayati Raj Institutions[4]—at least one-third for women and a number equal to the population proportion in the *panchayat* area for SCs/STs—how these seats are allocated is left to the discretion of individual states (Government of India 1992). Hence, contrary to what is asserted elsewhere, the reservations for SCs/STs in GPs—both for the post of president of the GP and for elected representatives of the GP in most Indian states—are not randomly or "as-if" randomly assigned (see, for example, Munshi and Rosenzweig 2009). The reservation for women—both presidents and other elected representatives in the GP—is also not mandated to be a "nationwide randomized experiment" (Chattopadhyay and Duflo2004a, 979).; see also Duflo and Topalova 2004). Indeed, the assignment of women's reservation is not random everywhere, and it varies across the states (Government of India 1992). The case for arguing as-if randomness is, however, stronger in the case of the women's reservations than in the case of SCs/STs (see Ban and Rao 2008b). Hence the results of the studies that use randomization as the method of causal inference, especially in a cross section of states, need to be treated with caution as this randomization is not valid in all contexts.[5]

The rest of the paper is organized as follows. Section 2 reviews the studies that evaluate reservation policies. Section 3 examines the two models of local government, one that assumes a Sarpanch Raj and one that does not. Section 4 concludes with a summary of the findings and closing remarks.

[4] The there tiers of government are the GP, located at the level of a group of villages; the *Taluk Panchayat,* located at the level of a block and comprising several GPs; and the *Zilla Panchyat,* located at the level of the district.

[5] Although many of these estimates remain valid, this is on account of appropriate fixed effects that control for variations in the relevant population proportions—block or village—that cause reservation rather than on account of a "nationwide randomized experiment." See Rajaraman and Gupta (2009) for a review of the reservation rules across the states.

2. REVIEW OF THE EVIDENCE

The studies that evaluate the effect of the policy of reservation on decentralized programs of public good provision and the targeting of private benefits under antipoverty programs suggest that the effect of these policies is complex.(Ban and Rao 2008b; Besley et al. 2004, 2007; Chattopadhyay and Duflo 2004a, 2004b; Duflo and Topalova (2004); Bardhan et al. 2005) Indeed, the answer is not simply one of whether reservation works but one about the contexts in which it works. This evidence suggests that the effect of reservation varies both across states and by the type of program under consideration. The targeting performance of women candidates, for example, varies across the major programs implemented by local governments, such as the Sampoorna Grameen Rozgar Yojana (SGRY)—a major public works program—and the Integrated Rural Development Program (IRDP)—a program that delivers private benefits to households.

Duflo and Topalova (2004) find that in a sample of 24 Indian states (reserved) women presidents of the GP perform better than male leaders on the metric of public good provision; Ban and Rao (2008b) find that reserved women (presidents) perform on par with male representatives on a similar metric of public good provision in a sample of the 4 southern Indian states.[6] While Chattopadhyay and Duflo(2004a, 2004b) find that women representatives in West Bengal and Rajasthan were more likely to invest in infrastructure preferred by their women constituents, Ban and Rao (2008b) find no evidence of such preference matching. The performance of women presidents in the targeting of antipoverty programs also varies by the type of program. Women in the state of West Bengal performed better relative to male representatives in targeting the Integrated Rural Development Program (IRDP, a subsidized loan program), whereas they performed worse in the targeting of an employment grant program (Bardhan, Mookherjee, and Torrado 2005). The evidence about SC/ST presidents is similarly mixed. SC/ST presidents performed better in the targeting of antipoverty programs in the 4 southern states, whereas their performance in West Bengal varied by the type of program. Specifically, whereas SC/ST presidents attracted more resources under the IRDP program, they raised less from local taxes (Besley et al. 2004; Bardhan, Mookherjee, and Torrado 2005). Hence there are no clear patterns that suggest that reservation works or that it does not. Instead, the evidence suggests that the effect of reservations varies across the states and that it depends on the type of program under consideration.

The evidence also suggests that local inequality mediates the effectiveness of this reservation policy. In both West Bengal and the southern states, villages with a greater domination of the landed elite were likely to see worse performance by women representatives on several dimensions. These dimensions included public service provision, intervillage targeting, the ability to attract resources from programs administered by the GP, and the choice of an optimal employment-generation program. Low inequality and low levels of SC/ST poverty on the other hand improved the targeting performance of both women and SC/ST leaders (Ban and Rao 2008b; Bardhan, Mookherjee, and Torrado 2005). Women leaders were also found to be more effective leaders when they had spent a longer time in power, and they were more effective in states where a reservation system had been in place for a longer time (Ban and Rao 2008a). In Uttar Pradesh, however, Pandey (2006) finds that even in areas that were not historically dominated by the landed elite, mandated representation could not overcome the imperatives of local norms of intimidation of SC/ST leaders by the local elite. She suggests that these norms of intercaste hostility in fact contributed to a worsening of service delivery with reservation.

Finally, the evidence also points to elite capture in the intervillage distribution of resources and the capture of certain institutions of local government as key areas of concern. In the case of the Gram Sabha—a participatory institution of local accountability—SC/ST individuals and the illiterate were more likely to participate, but the deliberations tended to be dominated by the landed elite (Besley et al. 2004; Ban and Rao 2008a). Key political leaders—such as the president of the GP—and local elites also played a dominant role in influencing the intervillage allocation of public goods. Indeed, disproportionate

[6] These are Andhra Pradesh, Karnataka, Kerala, and Tamilnadu.

benefits accrued to the political institution of the GP presidency in a sample of the four southern states; whereas SC/ST presidents attracted fewer funds from employment programs in West Bengal and SC/ST representatives received fewer resources from SGRY funds in Karnataka (Bardhan and Mookherjee 2006; Besley, Pande, and Rao 2007; Besley et al. 2004; Palaniswamy and Krishnan 2008). This, then, suggests that local inequality and the capture of different institutions of local government hold the potential to mitigate the promise of the decentralization reforms.

In summary, this body of evidence therefore points to two key insights. First, the governance environment within which elected representatives work—as measured by the sum of inequality, local power relations, gender differentials, caste-based divisions, and the different ways in which all these factors coalesce in different states—matters critically to the effectiveness of the reservation policy. Second, the domination of the intervillage of the institutions of local government by the local political and social elite is a cause for concern. The governance environment therefore lies at the heart of the question of both the effectiveness of reserved representatives and reservation policies. The inferences that can be made from these results, which are centered on the question of the governance environment, are, however, tied to the model of local governance used. The implicit, and questionable, assumption in vogue is that the president of the GP is the effective decision maker. This assumption asserts that local governments are a node of president domination, or an effective Sarpanch Raj—a far cry from the spirit of *gram swaraj* or democratic decision making by elected village representatives that underlies the 73rd amendment act. I now examine whether the prevailing Sarpanch Raj model of local governments is indeed the correct one.

3. EMPIRICAL ESTIMATION AND RESULTS

In this section, I use the design of reservation policy in Karnataka to examine whether the representation of the GP as a Sarpanch Raj is justified. Two key intended outcomes of decentralized governance examined in the current literature are considered—the provision of village-level public goods and the targeting of private benefits to households under programs implemented by the GP. For each outcome of interest, the results from two models are estimated and compared. The first model follows the literature and measures the effect of reservation for the president of the GP on the outcomes of interest. The second model measures the effect of the reservations for all elected village representatives of the GP, including the president, on the same outcomes of interest. Including the reservation terms for the village representatives in the GP, as in model 2, allows me to test whether the model of president domination is robust to this inclusion and therefore to test whether the model of Sarpanch Raj holds.

The data come from a survey conducted by the International Food Policy Research Institute and the Institute for Social and Economic Change in September 2006 in the state of Karnataka. The survey covered 80 GPs in 12 districts. Three districts were randomly drawn from each of the four administrative divisions of Karnataka, and the 80 GPs were randomly chosen from these districts. Within each GP, up to 3 villages were randomly chosen, giving a total of 225 villages. The village information module collected data about infrastructural facilities and investments in these facilities. The elected political representatives in each of these villages were also surveyed, and a household survey covering 966 households was implemented in a subset of these villages. Since Karnataka has devolved funds to GPS through various programs rather than through the devolution of responsibility for specific services, a key area of focus in the survey was collecting detailed income and expenditure data for each of the programs that delivered both public and private benefits through the GP.

The estimation strategy is straightforward. The effect of reservations at the levels of the GP and the village are identified by controlling for the variable that causes reservation-census population variables. Reservations for village representatives within a GP are determined by village census population shares of the relevant caste groups (Government of Karnataka 1993). Once within-GP variation in village census populations is controlled for, the reservation-induced caste identity of the elected representative from the village can be used to make causal inferences (this follows Palaniswamy and Krishnan 2008). The current literature (except for Munshi and Rosenzweig 2009) does not include village representatives in its specifications. In both the models that are estimated, the variables that could influence the allocation of benefits to households in a given village are controlled for. These variables include measures of the power of a village in bargaining for resources—whether the village is the president's village or the GP headquarters and whether it belongs to a GP that has the post of president reserved for SCs/STs.

Following Besley et al. (2004) the effect of reservation for the post of president through is identified through the use of block fixed effects. These fixed effects control for the variable that effectively causes reservation for the post of president—the rank of the GP's SC/ST population proportions within the block. To ensure that the differences in the results of the two models come from the inclusion of the village representatives and not from different specifications results that control for within-block variation in GP SC/ST census population shares are presented.[7] (*Block* refers to the second tier of local government in India. See footnote 4 for details.)

In order to fully exploit the design of Karnataka's reservation policy the effect of reservations for a third caste category- the Other Backward Castes(OBCs) is also examined in this paper (this follows Palaniswamy and Krishnan 2008).The OBC castes are typically deemed less marginal than the SC/ST but more marginal than the forward castes (Dunning 2008). Yet, while all castes in the OBC category have a ritually low status in the all-India caste hierarchy, there are differences in the patterns of socio-economic disadvantage across these groups. (Beteille 2002). Specifically, one group of OBC castes- the

[7] I also estimated the models using GP census population shares to identify the reservation for the president (following Government of Karnataka 1993). This did not change the results. These results are not reported in this paper.

"backward" OBC castes- is characterized by historical (and current) socio-economic disadvantage; while the other group – the dominant OBC castes- comprises castes that have historically been substantial landowners, and are rather powerful in their local or regional settings . Indeed, these groups are often at the center stage of village and state politics in contemporary South India (See Beteille 1961 for Tamilnadu, Manor 2007 for Karnataka, and Varshney 2000). Unlike other Indian states that have a single category of reservation for all OBC castes, Karnataka adopted two mandates within the OBC category- one for the backward OBC castes, and another for the politically dominant OBC castes.The design of this OBC reservation policy can therefore identify the effect of the elite on local public good provision; and the simultaneity of reservations for the SC/STs and the OBCs identifies the effect of differential powers of the elite and non-elite reserved representatives on the latter.

The design of the reservation policy adopted by the state of Karnataka is as follows. Reservation at the level of the GP reflects the demographic share of the SCs and STs within the GP, and the proportion of villages within the GP to be reserved (henceforth called *reserved seats*) for members of the OBC castes is fixed at one-third. The reservation for OBCs is divided into two subcategories: one for the politically dominant, or OBC "B," castes; and the other for the "backward" OBC or OBC"A" castes. The reserved OBC seats are then split between these OBC "A" and OBC "B" categories in a 4:1 ratio. The SC and ST reservation is allocated using an ordered list, where all villages within the GP are listed in descending order of their demographic SC and ST shares. A rotation rule that stipulates that the same village cannot be reserved in two consecutive elections is also in place. Taken together, this implies that the first round of elections reserved those villages where the SC and ST castes had their largest demographic presence, and that with every subsequent election the councils that were to be reserved moved lower down the ordered list to villages where these groups have a lower demographic share. There is also an order in which the reservation for each category is chosen. The seats to be reserved for STs are picked first, followed by the seats for the SCs. The seats for OBC "A" and OBC "B" then follow, with rotation being the key principle guiding this allocation. The villages not chosen to be reserved under these multilevel reservations are then the unreserved seats. One-third of each of these categories, both reserved and unreserved, are then reserved for women. These seats are once again chosen using the rotation principle (Government of Karnataka 1993, 1998). Reservations for the SC/STs are therefore are determined solely as a discontinuous function of relevant census population shares; and the effect of reservations is identified by controlling for the relevant census population shares.

The household regressions, which examine the impact of the reservation policy on the targeting of private benefits from antipoverty programs to households are now presented. This is followed by the village regressions, which examine how the reservation policy affects the village-level provision of public goods.

Household Regressions

In the household regressions, the effect of reservation on household targeting is measured by identifying how reserved representatives perform relative to non reserved representatives. Following the current literature, household transfers are measured by a dummy that captures whether the household received any one of the following benefits from the GP: a loan for building a house or a loan under a subsidy scheme, the Indira Awas Yojana or the Ashraya Yojana; a toilet built; or a piped water connection.

The household regressions estimate the following specifications

$$y_{jvg} = \alpha_v + \beta_1 h_{jvg} + \beta_2 h_{jvg} * R_g + \beta_3 h_{jvg} * P_{vg} + \beta_4 h_{jvg} * G_{vg} + \gamma X_{ivg} + \varepsilon_{vg}$$

and

$$y_{jvg} = \alpha_v + \beta_1 h_{jvg} + \beta_2 h_{jvg} * R_g + \beta_3 h_{jvg} * P_{vg} + \beta_4 h_{jvg} * G_{vg} + \delta_1 h_{jvg} * R_{vg} + \delta_2 R_{vg} + \gamma X_{ivg} + \varepsilon_{vg} ,$$

where y_{jvg} is the measure of household transfers, h_{jvg} is a dummy for SC/ST households, R_g is a dummy for reservation for the post of GP president, R_{vg} is a vector of reservation dummies for village representatives, P_{vg} is a dummy for the president's village, and G_{vg} is a dummy for the GP headquarters village. X_{ivg} is a vector of household controls. The impact of reserved village representatives is identified through the inclusion of village dummies.

The first specification estimates the Sarpanch Raj model, and the second checks whether the latter is robust to the inclusion of village-level reservation variables. Table 1 reports the results from both specifications, which include village fixed effects. Columns 1 and 2 report the results from the first specification—column 2 includes household controls, and column 1 does not. Columns 3, 4, and 5 report the results from the second specification- columns 4 and 5 include household-level controls, whereas column 3 does not.

Table 1. Household Regressions

	Household Benefit				
Variables	**1**	**2**	**3**	**4**	**5**
SC/ST household	0.0552	0.0480	0.00797	0.000395	0.000395
	(0.0541)	(0.0490)	(0.0489)	(0.0507)	(0.0507)
Reserved GP* × SC/ST HH	-0.0932**	-0.0777	-0.131	-0.112	-0.112
	(0.0464)	(0.0480)	(0.0862)	(0.0828)	(0.0828)
SC/ST HH* × President's Village	0.0268	0.0193	0.0393	0.0310	0.0310
	(0.0718)	(0.0831)	(0.0656)	(0.0786)	(0.0786)
SC/ST HH* × GP Headquarters Village	-3.84-06	-2.6-06	-1.09E-05	-6.87E-06	-6.87E-06
	0.000255	-0.000251	-0.000247	-0.000242	-0.000242
SC/ST HH* × SC/ST Reserved			0.0845	0.0821	0.0821
			(0.0868)	(0.0872)	(0.0872)
SC/ST HH* × OBC Reserved			0.0414	0.0457	0.0457
			(0.0538)	(0.0558)	(0.0558)
President reserved GP	0.0376**	0.0447**	0.311***	0.302***	0.243***
	(0.0187)	(0.0216)	(0.0415)	(0.0495)	(0.0691)
GP headquarters village	-1.18E-05	5.42E-05	0.000228**	0.000215*	-0.000638
	(9.25E-05)	(9.67E-05)	(9.00E-05)	(0.000111)	(0.000109)
President's village	0.00581	-0.0387*	0.123***	0.0608	0.0533**
	(0.0181)	(0.0202)	(0.0328)	(0.0418)	(0.0206)
SC reserved representative			0.129***	0.0888*	-0.0167
			(0.0328)	(0.0451)	(0.0239)
ST reserved representative			-0.341***	-0.352***	-0.114*
			(0.0415)	(0.0500)	(0.0662)
OBC reserved representative			0.0374*	0.0589**	0.0730***
			(0.0210)	(0.0238)	(0.0189)
OBC dominant representative			-0.0313**	-0.104***	-0.198***
			(0.0126)	(0.0240)	(0.0247)
Pradhan Reserved SC/ST* × Pradhan	0.0575	0.0632			-0.239***
	(0.0352)	(0.0515)			(0.0564)
Observations	890	879	890	879	879
R-squared	0.115	0.136	0.117	0.137	0.137

Note:HH=Household; GP = Gram Panchayat; SC = Scheduled Castes; ST = Scheduled Tribes; OBC = Other Backward Castes
Robust standard errors are in parentheses. Columns 1 and 2 have block fixed effects, and columns 3 and 4 have GP fixed effects. Columns 2 and 4 include household controls.
*p < .10. **p < .05. ***p < .01.

The results suggest that a household located in a village that belongs to a reserved GP (meaning, where the position of the president is reserved for an SC/ST) is more likely to get a private good, and this

result is robust across specifications. Households in the president's village are less likely to receive these targeted private goods, but this effect is not robust across specifications. In fact, in the specification with household-level controls, the households in the president's village are less likely to receive private goods.

The results also show that the effect of living in a village that belongs to a reserved GP stays robust across the two specifications. This likely reflects the formula that devolves funds to GPs based on indicators such as SC/ST population and poverty.[8] Households in the president's village are now more likely to get private goods, but the significance and strength of this effect depend on the inclusion of controls. Interestingly, when an interaction term that indicates whether the president's village is also reserved is included, the magnitude of the significance of this effect declines by 7 percent. Hence the benefits of living in the president's village are lower if the president is elected on reserved seat.

The results from the second specification are as follows. First, households living in ST reserved wards are always less likely to receive private goods, whereas those living in the OBC reserved wards are more likely to receive these goods. Second, households living in SC reserved wards were at least 8 percent more likely to receive these transfers in some specifications. Interestingly, this SC effect was not significant only when the interaction variable—of the village's being the president's village and the GP's being reserved for an SC/ST—was included. When this interaction term is included, this term itself assumes (positive) significance, and the SC reserved terms loses its significance. This suggests that SC representatives do worse when they are in GPs where the post of president is not reserved. This in turn implies that shared identities, and potentially shared social networks, between SC representatives and SC presidents shape superior targeting. In particular, SC representatives have worse targeting outcomes when they have to work with a non-SC president.

In summary, although the president of the GP exercises some control over the intervillage allocation, this effect is not robust across the two specifications.[9] Villages that belong to GPs where the post of president is reserved receive more resources, and this likely reflects a devolution formula at work. More importantly, although the president's village and the reservation status of the GP matter to targeting outcomes, they do not matter in isolation. Indeed, it is the interaction with the identities of ward members or other elected representatives that shapes how the latter influence targeting outcomes. These ward-level reservation variables also matter by themselves; that is, they have an independent effect on outcomes. These results suggest that the elected representatives of the GP do influence its targeting performance.

Village Regressions

In this section, I measure the effect of the reservation on village-level public good provision outcomes. Once again following the literature, data on village facilities is used to construct an index of village-level public good provision. This index measures whether there was any construction or improvement undertaken for three village facilities—internal roads, school buildings, and water sources since the last GP election. The index is normalized to lie between 0 and 1. Approximately 43 percent of the villages in our sample had construction undertaken on at least one of these facilities.

The village regressions estimate the following specifications

$$y_{vg} = \alpha_b + \beta_1 R_g + \beta_2 P_{vg} + \beta_3 G_{vg} + \beta_4 R_g * P_{vg} + \gamma X_{vg} + \varepsilon_{vg}$$

and

$$y_{vg} = \alpha_b + \beta_1 R_g + \beta_2 P_{vg} + \beta_3 G_{vg} + \beta_4 R_g * P_{vg} + \delta_1 R_v + \delta_2 w_v + \gamma X_{vg} + \varepsilon_{vg} ,$$

[8] These are variables that are closely correlated with the likelihood that a GP is reserved.

[9] The president's village not being robust switches from mildly negative to positive with the inclusion of ward effects. Note that with the ward level regression, the comparison group changes from all other villages including SC/Scheduled Tribes reserved to general villages.)

where y_{vg} is the index of village-level public good provision, α_b are block dummies, R_v is a vector of village reservation dummies, w_v is a vector of village census population measures, and X_{vg} are village-level controls.

In the first specification I estimate the model of Sarpanch Raj, and in the second specification I examine whether the first model is robust to the inclusion of variables that measure the reservation for village representatives within the GP.The effect of reservation for the post of GP president is identified through (Taluk fixed effects) the within-block variation in public good provision as in Besley, Rao, and Pande (2004)); the effect of reservation for village representatives is identified through the within-GP variation of the relevant census population shares (this is done through the inclusion of GP fixed effects).Table 2 report the results of both specification. Columns 1 and 2 report the results from the first specification; column 2 includes village-level controls, and column 1 does not. Columns 3 and 4 report the results from second specification; column 4 includes household-level controls, whereas column 3 does not.

Table 2. Village Regressions

	Public Good Index			
Variables	1	2	3	4
President reserved GP	–0.00565	–0.0161	0.0299	0.0468
	-0.0332	-0.0331	-0.0628	-0.0594
GP headquarters village	0.00125	0.00114	6.01e–05	0.000101
	-0.00404	-0.00411	-0.00044	-0.000483
President's village	0.0694*	0.0796*	0.0708	0.0837
	-0.0412	-0.0420	-0.0538	-0.0555
Presidents Village × Reserved GP	–0.163	–0.167	–0.193	–0.200
	-0.101	-0.103	-0.13	-0.132
Population share of the village in the GP	0.00141**	0.00123**	0.00186	0.00165
	-0.000592	-0.000548	-0.00121	-0.00125
SC population share in the village			–0.0492	–0.0314
			-0.138	-0.120
ST population share in the village			–0.0785	–0.145
			-0.206	-0.179
SC reserved representative			–0.00827	–0.0441
			-0.0723	-0.0664
ST reserved representative			–0.0860	–0.110
			-0.0844	-0.0866
OBC reserved representative			0.0124	–0.00632
			-0.0502	-0.0528
OBC dominant representative			–0.0130	–0.0144
			-0.0466	-0.0465
SC/ST share	–0.000363	–0.000297		
	-0.000902	-0.000873		
Constant	0.0981*	0.0992	0.142*	0.189
	-0.0507	-0.0994	-0.0726	-0.147
Observations	192	189	192	189
R-squared	0.396	0.439	0.531	0.570

Note: GP = Gram Panchayat; SC = Scheduled Castes; ST = Scheduled Tribes; OBC = Other Backward Castes
Robust standard errors are in parentheses. Columns 1 and 2 have block fixed effects, and columns 3 and 4 have GP fixed effects. Columns 2 and 4 include village controls.
*p < .10. **p < .05.

The results from the first specification show that the president's village is likely to have a higher measure of public good provision. The magnitude of this effect is, however, very small, and it is significant only at the 10 percent level. Villages that have a higher proportion of the population of GP are also more likely to construct and improve public goods. The results from the second specification show that the result on the president's village is not robust to inclusion of village-level reservation variables. Once the ward-level reservation variables are included, the president's village is not more likely to see higher public good provision. Indeed, in this specification the village population share also loses significance, and no single factor emerges as having a significant influence on the distribution of public goods within villages. Although the signs on the coefficients of SC reserved and ST wards are negative and the sign on the OBC reservation is positive, these are not significant as they were for the targeting of private goods to households.

Taken together these results suggest that village representatives of the GP, along with the president, determine village-level public good outcomes. More importantly, since these representatives do influence outcomes, excluding them could bias estimates of the reservation effect of the president of the GP. However, in this sample at least, no clear story emerges about who—between the president and the other representatives of the GP—wields effective power in the intervillage distribution of public goods. Instead, the results suggest that how the two interact influences how the institution of the GP deliberates and allocates resources.

4. CONCLUSION

In summary, the results suggest two key findings. First, there is a clear difference between the targeting of private goods and the provision of public goods. Although the targeting of private goods seems to emerge as a contested policy space for reserved representatives—with SC reserved representatives and "backward" OBC villages both moving to take advantage of this policy—the same does not appear to be true for public goods. I also point to a key cause for concern: ST reserved representatives performed worse on both targeting and the provision of village-level public goods.

Second, the comparison of the model of Sarpanch Raj and a more broad-based model of decision making within the GP suggests that in that case of Karnataka at least, the GP is in fact a more broad-based body; and that it is a body wherein more than one elected representative has an effective voice in the decision-making process. In particular, the president is not the de facto decision maker in the GP. While this result comes from one state, it is likely that GP presidents – particularly those from the SC and ST castes and women - in several other states and contexts are not the de-facto decision makers of the council. And this in fact is the story told by numerous anecdotes of the reservation policy in practice.

The interaction in the GP, however, is not one among equals. GP interactions—both between members and between members and the president—are firmly entrenched in inter-caste relations. Although the relevance of caste is not surprising, the answer to the question of how caste might matter is striking. In particular, the effectiveness of SC representatives depends on the caste identity of the GP president. SC representatives perform better when they interact with a reserved president—a result that suggests that shared identities and therefore caste-based social networks shape the effectiveness of reservation policy. Although the results support the prevailing idea that governance environments matter to decentralized policy outcomes, there is no clear evidence that points to the phenomenon of Sarpanch Raj. Instead, the story of local government that emerges is overwhelmingly one of local government wherein a caste-based interaction between elected representatives shapes both decision making within the GP and the effectiveness of the policy of political reservations.

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